

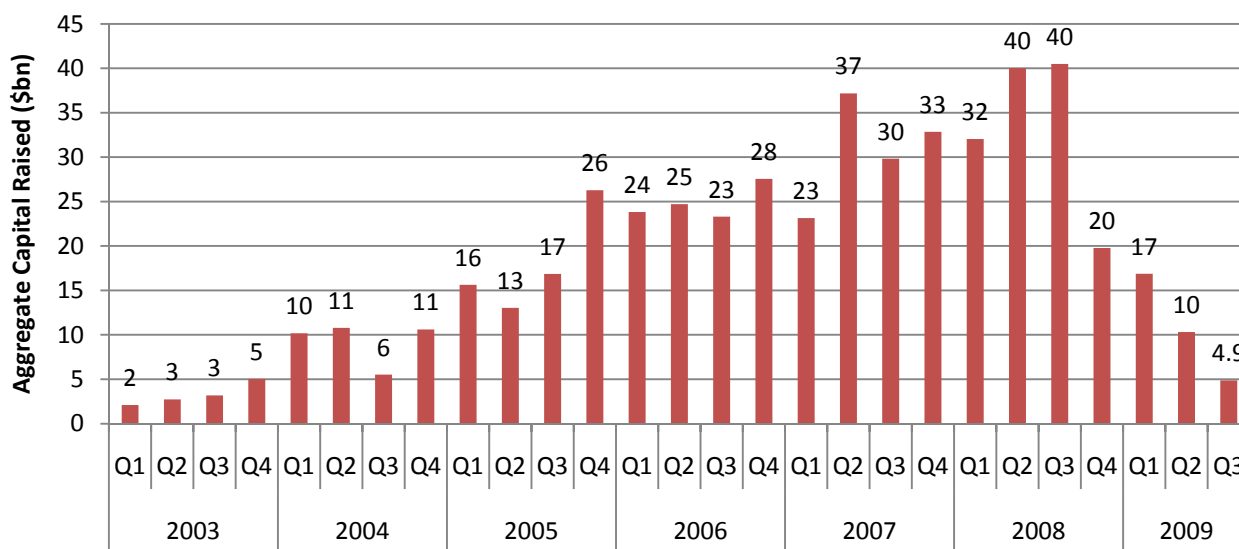
For immediate release

Private Equity Real Estate Fundraising at Lowest Level Since 2003

17 Funds hold a final close raising an aggregate \$4.9bn, the lowest quarterly total since Q3 2003

Private equity real estate funds worldwide raised just \$4.9 billion in Q3 2009, the lowest fundraising total for a quarter since Q3 2003, when 17 funds raised \$3.2 billion. The figures for Q3 also represent a significant fall from earlier in the year. Q3 2009 equates to 48% of the total raised in Q2 2009. The decline from the same quarter in 2008, however, is even more dramatic, Q3 2009 fundraising represents just 12% of the \$40.5 billion which was raised in Q3 2008.

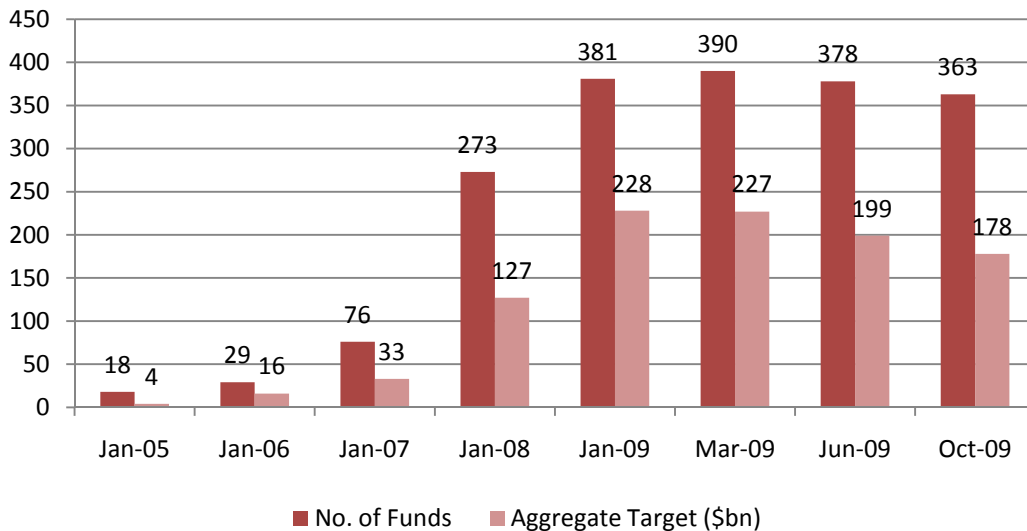
Fig. A: Quarterly Private Equity Real Estate Fundraising 2003 - Q3 2009



Decline in Funds in Market:

As Fig. B shows, the number and aggregate target of private equity real estate funds in market has been declining throughout 2009. The aggregate target of all funds in market has fallen by \$21 billion over the course of Q3, as fund managers have reduced their fundraising targets in response to investor activity, or in some cases abandoned their fundraising efforts altogether. Preqin has identified 46 private equity real estate funds which have already been abandoned or put on hold in 2009 to date, compared with 27 in 2008.

Fig. B: Funds on the Road Over Time



Although the number of funds in market is falling, conditions remain extremely competitive. The aggregate target of all funds on the road represents significantly more than the total raised during 2008, the most successful year ever for private equity real estate fundraising. Investors remain extremely cautious in the current climate and many have seen the value of their existing real estate holdings decline significantly. Investors are either holding off from investing, or making commitments at a far slower rate and to fewer funds than they were during 2007 and 2008.

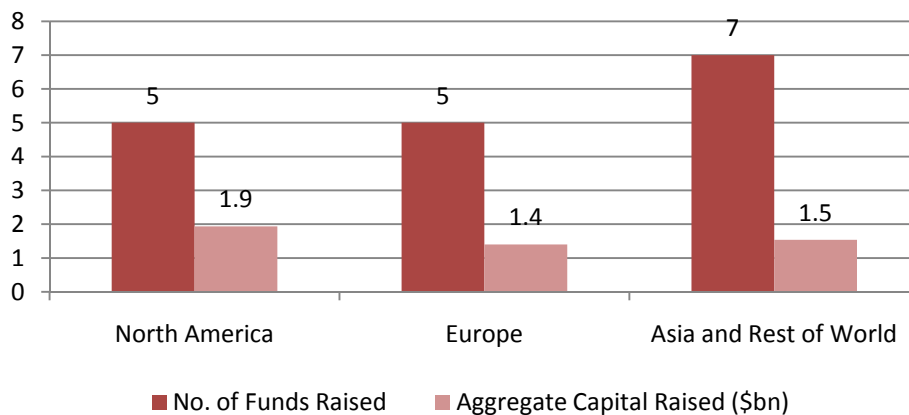
Success in Achieving Target:

In 2009 to date, just 18% of fund managers have achieved or exceeded their fundraising target, with 82% of funds falling short of their equity goals. This provides further evidence of how difficult the fundraising environment is at present. In 2007, 79% of funds matched or exceeded their target size.

Fundraising by Regional Focus in Q3 2009:

North American funds accounted for the largest proportion of capital raised during Q3 2009, with five funds raising an aggregate \$1.9 billion. Seven funds targeting Asia and Rest of World closed receiving commitments of \$1.5 billion and five Europe focused funds raised \$1.4 billion.

Fig. C: Q3 2009 Fundraising by Fund Primary Geographic Focus



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Comment

The private equity real estate fundraising market has almost ground to a halt during Q3, with the amount of capital raised equating to just 12% of the amount raised in Q3 2008. Fundraising is very challenging, with just 18% of funds reaching their original fundraising targets and increasing numbers of managers resorting to abandoning their fundraising efforts altogether.

Despite the fall in the number of funds in market, there is still a good stock of funds on the road, and it is clearly investor sentiment rather than lack of supply which is contributing to the slow fundraising environment. Investors are very cautious, with many having seen significant declines in their real estate portfolios and are reluctant to commit to new vehicles.

Although it is clearly an extremely difficult period for the asset class, Preqin's conversations with institutions indicate that these investors are not abandoning the private equity real estate asset class and will recommence investments in Q4 2009 or during 2010. It seems probable that fundraising will improve next year, but also seems likely that many more managers will be forced to abandon or delay their marketing efforts before the market improves. – Andrew Moylan, Manager - Real Estate Data

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press.

About the Preqin Real Estate Online Database:

The Preqin Real Estate Online Database contains information on the unlisted real estate universe including fund managers, funds, performance, fundraising, investors and placement agents.

Note to editors: Please note that Preqin has now entirely replaced Private Equity Intelligence as the company name. Preqin requests that any attributions be made to 'Preqin', which is an 'alternative assets research and consultancy group'.

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Preqin Research Report

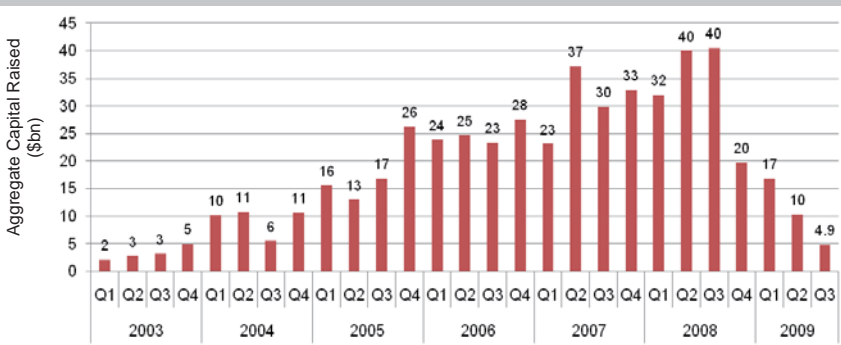
Q3 2009 Real Estate Fundraising Update

Preliminary Results

Fig. 1: Top Ten Largest RE Funds to Hold a Final Close in Q3 2009

Fund	Firm	Type	Amount Closed (Mn)	Manager Country	Fund Focus
Dune Real Estate Fund II	Dune Capital Management	Debt and Opportunistic	800 USD	US	US
Broadway Real Estate Fund III	Broadway Partners	Value Added	700 USD	US	US
Secured Capital Japan Real Estate Partners IV	Secured Capital Japan Co.	Opportunistic	525 USD	Japan	ROW
CapMan Hotels RE	CapMan Real Estate	Core-Plus	333 EUR	Finland	Europe
Partners Group Global Real Estate 2008	Partners Group	RE Fund of Funds	275 EUR	Switzerland	Europe
Banyan Tree Indochina Hospitality Fund	Banyan Tree Holdings	Opportunistic	283 USD	Singapore	ROW
JP Morgan Greater Europe Opportunistic Property	JP Morgan Asset Management	Opportunistic	178 EUR	US	Europe
IndoSpace Logistics Partners	Future Capital Holdings	Opportunistic	250 USD	India	ROW
Principal Green Property Fund I	Principal Real Estate Investors	Opportunistic and Value Added	214 USD	US	US
Vision Brazil Real Estate Opportunities Fund I	Vision Brazil Investments	Opportunistic	209 USD	Brazil	ROW

Fig. 2: Quarterly Global RE Fundraising, Q1 2003 - Q3 2009



Private equity real estate funds worldwide raised just \$4.9 billion in Q3 2009, the lowest fundraising total for a quarter since Q3 2003, when 17 funds raised \$3.2 billion.

As Fig. 3 demonstrates the number and aggregate target of private equity real estate funds in market has been declining throughout 2009. Although the number of funds in market is falling, the market remains extremely competitive. The aggregate target of all funds on the road represents significantly more than the total raised during 2008, the most successful year ever for private equity real estate fundraising.

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As illustrated by Fig. 5, 45% of all PERE funds closing in Q3 2009 adopted an opportunistic strategy, making it the most widely used strategy in the quarter. Value added also proved popular, with nearly a quarter (24%) of all funds employing this strategy. Core-plus, debt and fund of funds shared a fairly even split of the market, with 12%, 10% and 8% respectively.

Fig. 3: Funds on the Road Over Time

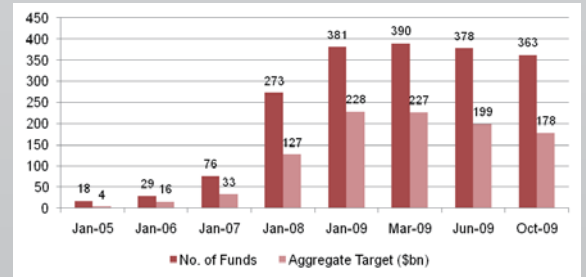


Fig. 4: Q3 2009 Fundraising by Fund Primary Geographic Focus

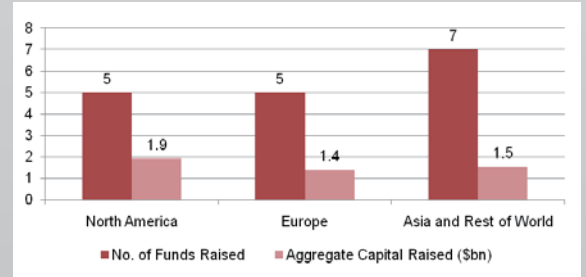
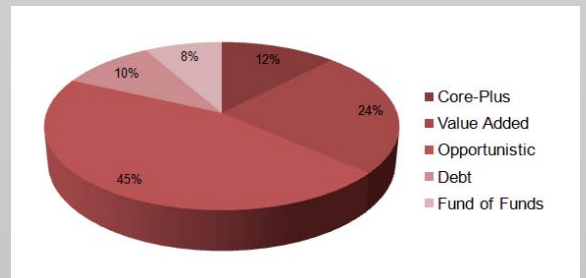


Fig. 5: Breakdown of Q3 2009 Fundraising by Strategy



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Full results and report on Q3 2009 fundraising will be available in Preqin's monthly newsletter, Spotlight.

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